

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 STR-04 TRSE-00 COME-00 ITC-01

CIAE-00 INR-07 NSAE-00 L-03 PM-04 NSC-05 SP-02 SS-15

/062 W

-----181551 095798 /50

R 181355Z FEB 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9837

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

UNCLAS SECTION 1 OF 2 STOCKHOLM 0765

E.O. 11652: N/A

TAGS: EIND, ETRD, SW

SUBJECT: SWEDISH SHOE CONSUMPTION AND FOREIGN TRADE

REFS: A) STATE 34699, B) 76 STOCKHOLM A-173, C) ADVANCE UNNUMBER-  
ED AIRGRAM RE TARIFF AND NTM IMPOSED ON IMPORTS NON-  
RUBBER FOOTWEAR

1. THE FOLLOWING INFORMATION ON SWEDEN'S SHOE CONSUMPTION  
AND FOREIGN TRADE, EXTRACTED FROM A RECENTLY COMPLETED  
OFFICIAL STUDY, IS PROVIDED IN RESPONSE TO REF A. THE EN-  
CLOSURE LISTED FOR REF C WAS NOT RECEIVED, BUT EMBASSY  
BELIEVES THE REF B WAS PROBABLY RESPONSIVE.

2. SWEDEN'S APPARENT CONSUMPTION OF ALL KINDS OF SHOES  
(THAT IS, THE SUM OF DOMESTIC PRODUCTION AND IMPORTS,  
MINUS EXPORTS) DECLINED FROM A TOTAL OF 30,380,000 PAIRS IN  
1965 TO 27,060,000 PAIRS IN 1975 (DATA FOR THE FULL 1976  
CALENDAR YEAR ARE NOT YET AVAILABLE). THE LARGEST DECLINE  
WAS RECORDED FOR CONSUMPTION OF LEATHER SHOES, WHILE IN-  
CREASES WERE REGISTERED FOR SHOES OF TEXTILE, SYNTHETIC  
MATERIALS, RUBBER, AND WOOD. SWEDEN'S APPARENT CON-  
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SUMPTION OF SHOES IN REPRESENTATIVE YEARS IS SHOWN IN  
TABLE I (ALL KINDS OF FOOTWEAR ARE INCLUDED IN ORDER  
THAT A COMPLETE PICTURE OF CONSUMPTION TRENDS MAY BE  
OBTAINED DURING THE PAST DECADE).

TABLE I - SWEDISH CONSUMPTION OF FOOTWEAR (IN THOUSANDS OF PAIRS).

## KIND OF

FOOTWEAR	1965	1970	1973	1974	1975
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LEATHER	18,610	17,980	13,040	12,270	13,590
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TEXTILE	4,580	3,450	3,670	4,210	4,600
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RUBBER	2,420	4,250	3,240	3,090	3,280
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## SYNTHETIC

MATERIALS	870	2,150	4,910	3,920	2,520
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WOODEN (CLOGS)	2,200	1,390	3,550	4,480	3,040
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ALL OTHER TYPES	1,700	1,380	1,440	200A	30A
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TOTAL	30,380	30,600	29,850	28,170	27,060
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A - DECLINE FROM 1973 DUE TO CHANGE IN DEFINITION FOR

"ALL OTHER TYPES."

IT IS NOTED THAT THE FIGURES SHOWN IN THE ABOVE TABLE REFER TO "APPARENT CONSUMPTION." THE OFFICIAL STUDY GAVE THE FOLLOWING ACTUAL CONSUMPTION FIGURES (TOTALS ONLY) WHEN ACCOUNT WAS TAKEN OF CHANGES IN THE INVENTORY POSITION OF THE SHOE TRADE: 1965:

29,700,000 PAIRS; 1970: 31,260,000; 1973: 29,090,000;

1974: 29,170,000; 1975: 28,420,000.

3. PRIOR TO 1950, SWEDEN'S IMPORTS OF SHOES WERE IN-SIGNIFICANT. SINCE THAT YEAR IMPORTS HAVE INCREASED SUBSTANTIALLY TO TOTAL 6,570,000 PAIRS IN 1960 AND 19,820,000 PAIRS IN 1975. IMPORTS IN REPRESENTATIVE YEARS, BY KINDS OF SHOES, ARE SHOWN IN TABLE II.

TABLE II-SWEDISH IMPORTS OF FOOTWEAR (IN THOUSANDS OF PAIRS)

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## KIND OF

FOOTWEAR	1965	1970	1973	1974	1975
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LEATHER	7,570	11,660	8,860	8,720	10,240
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TEXTILE	3,210	2,600	2,970	3,590	4,000
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RUBBER	780	2,290	2,450	2,440	2,540
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## SYNTHETIC

MATERIALS	550	2,100	4,920	3,900	2,490
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WOODEN (CLOGS)	30	90	440	740	510
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ALL OTHER TYPES	1,330	1,380	1,530	200A	40A
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TOTAL	13,470	20,120	21,170	19,590	19,820
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A - DECLINE FROM 1973 DUE TO CHANGE IN DEFINITION FOR

"ALL OTHER TYPES."

4. THE SHARE OF IMPORTS IN SWEDEN'S FOOTWEAR CONSUMPTION HAS RISEN SHARPLY DURING THE PAST DECADE. IN 1965 THEY ACCOUNTED FOR 44 PERCENT OF TOTAL APPARENT CONSUMPTION. BY 1975 THAT SHARE HAD RISEN TO 73

PERCENT. IN THE CASE OF LEATHER SHOES, THE SHARE OF IMPORTS ROSE FROM 41 PERCENT OF SWEDISH CONSUMPTION IN 1965 TO 75 PERCENT IN 1975 (SEE TABLES I AND II). IN THE CASE OF NON-RUBBER FOOTWEAR IN 1975, IMPORTS WERE APPROXIMATELY 70 PERCENT OF CONSUMPTION.

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5. OVER THREE-FOURTHS OF SWEDEN'S CURRENT IMPORTS OF FOOTWEAR IS SUPPLIED BY EC AND EFTA COUNTRIES. IMPORTS FROM DEVELOPING COUNTRIES, HOWEVER, HAVE ACCOUNTED FOR THE LARGEST RELATIVE INCREASE SINCE 1960, AS SHOWN IN TABLE III BELOW.

TABLE III - SWEDISH IMPORTS OF FOOTWEAR, BY GEOGRAPHICAL AREA (VALUE IN MILLIONS OF SWEDISH KRONOR)

AREA	AV. ANNUAL INCREASE IN PERCENT			
	1960	1970	1975	1960-75
EUROPEAN COMMUNITY	70	188	279	9.7
EUROPEAN FREE TRADE ASSN	4	79	113	24.9
STATE TRADING COUNTRIES	6	12	12	4.7
DEVELOPING COUNTRIES	1	14	54	30.4
ALL OTHERS	4	16	45	17.5
TOTAL	85	309	503	12.6

6. THE SWEDISH SHOE INDUSTRY HAS BEEN SUCCESSFUL IN SUSTAINING EXPORTS OF FOOTWEAR DURING RECENT YEARS AT

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THE RELATIVELY HIGH LEVEL OF ABOUT SIX MILLION PAIRS ANNUALLY. OVER 60 PERCENT OF THE EXPORTS CONSISTS OF WOODEN CLOGS. THE PRESENT PROBLEMS OF THE SWEDISH SHOE INDUSTRY, THEREFORE, ARE NOT THE RESULT OF MARKETING PROBLEMS ABROAD BUT STEM LARGELY FROM THE RISING COMPETITION IN THE DOMESTIC MARKET FROM LOW-PRICE IMPORTS. WHILE THE SWEDISH INDUSTRY, AS RECENTLY AS THE EARLY 60'S, MANUFACTURED VIRTUALLY ALL KINDS OF FOOTWEAR, THE COMPETITION FROM IMPORTS HAS FORCED SWEDISH MANUFACTURERS TO INCREASE SPECIALIZATION. AT THE PRESENT TIME, THE EMPHASIS OF LOCAL PRODUCTION IS LARGELY ON WOODEN CLOGS, WORKMEN'S FOOTWEAR, AND HIGH-QUALITY LOW SHOES. THE RESTRUCTURING PROCESS IS STILL IN PROGRESS IN THE SWEDISH SHOE INDUSTRY.

7. DURING THE PAST DECADE, THE NUMBER OF EMPLOYEES IN SWEDEN'S SHOE INDUSTRY HAS DECLINED BY ABOUT 50 PERCENT OR MORE AS A RESULT OF SHUTDOWNS AND CURTAILED OPERATIONS. THE QUANTITATIVE IMPORT RESTRICTIONS IMPOSED JUST OVER A YEAR AGO WERE THEREFORE SAID TO BE IN THE INTERESTS OF NATIONAL ECONOMIC DEFENSE PREPAREDNESS AND NECESSARY TO PRESERVE SOME DOMESTIC CAPACITY IN THE EVENT OF WAR OF SIMILAR EMERGENCY.

8. ON SEVERAL OCCASIONS THE SWEDISH GOVERNMENT HAS INDICATED THAT ITS SHOE IMPORT RESTRICTIONS ARE A TEMPORARY MEASURE THAT WILL BE LIFTED WHEN THE RESTRUCTURING PROCESS IN THE SHOE INDUSTRY HAS BEEN COMPLETED, PROBABLY BY THE END OF 1977 OR EARLY IN 1978. SWEDEN'S COMMERCE MINISTER, LATE IN 1976, SAID HE HOPED HE WOULD BE ABLE TO ANNOUNCE THE DATE OF THE REMOVAL OF THE IMPORT RESTRICTIONS WHEN THE GOVERNMENT BILL PROPOSING VARIOUS MEASURES TO PROMOTE A RESTRUCTURING OF THE SHOE INDUSTRY IS PRESENTED TO THE RIKSDAG DURING THE PRESENT SPRING SESSION.

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## Message Attributes

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009